PREPARED STATEMENT OF
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Good morning. On behalf of the U.S. Census Bureau, I want to thank Chairman Wolf and the members of the Subcommittee for the opportunity to be here today. I've been invited to discuss planning for the reengineered 2010 Decennial Census Program.

The reengineered 2010 Decennial Census Program comprises three integrated components. The American Community Survey, which replaces the census long form, will provide timely, accurate data for states, towns, and even neighborhoods. Second, the Master Address File (MAF) and TIGER Enhancement Program will serve our nation by updating the address list and modernizing the electronic maps by which we collect and disseminate data. Third, and most important, is the 2010 Census, a short-form only census, which is the Census Bureau's core constitutional responsibility. The primary goals of the reengineered 2010 Decennial Census Program are: 1) to improve the relevance and timeliness of census long-form data; 2) reduce operational risk; 3) improve the accuracy of census coverage; and 4) contain costs. It will enable us to fulfill our mission in the most efficient, cost-effective, and accurate manner possible.

The 2007 Budget Request and Work-to-Date

Before we discuss the ramifications of the recent House and Senate actions, it is worth briefly reviewing the budget request. The President's FY 2007 budget request for the Census Bureau was approximately $878 million, including $184 million for salaries and expenses, as well as $182 million for other economic and demographic programs conducted by the Census Bureau. The majority of the budget request— $512 million— was designated for the decennial census program, an increase of $64 million from last year.

This increase is primarily due to preparations for the 2008 Census Dress Rehearsal, including development of the handheld computers to be used in field operations and the data capture system to collect all types of survey responses. The decennial request included $180 million for the American Community Survey; $74 million for MAF/TIGER; and $258 million for the 2010 Census.

It is important to put these costs in context, both in terms of the unique function of the census in our government and society, and in terms of the total cost of the mandate over the course of a decade. The Census is one of the first tasks explicitly mentioned in the Constitution, directly following the election of representatives. Article I, Section 2 of the Constitution states, "the actual enumeration shall be made within three years after the first meeting of the Congress of the United States, and within every subsequent term of ten years, in such a manner as they shall by law direct." The census ensures the fulfillment of the promise made by the Framers to all future generations of Americans: *We the People*. With each census, we learn and appreciate more about the great human strengths of our nation's diverse communities.

To conduct Census 2000, the Census Bureau canvassed six and one half million miles of roads in 66,000 census tracts in 3200 counties in 50 states and the District of Columbia. We sent questionnaires to more than 117 million households. Approximately 67 percent, or 80 million, of those households responded by mail. For the rest, nearly 40 million, we sent census takers, or enumerators, to collect the census information. We opened 520 Local Census Offices and hired more than 860,000 temporary workers to conduct the census. On the 28th of December 2000, the Census Bureau delivered the apportionment for the House of Representatives and announced the U.S. population was over 281 million. For 2010, we are projecting more than 310 million people living in America and that we will have to count more than 130 million households.

Conducting an accurate census poses a formidable challenge. The Census Bureau must strive to count each member of the nation's increasingly diverse population once and only once and in their precise geographic location. Accuracy is fundamental. The census determines the composition of the U.S. House of Representatives. It also determines the representation for fifty state legislatures and 39,000 municipalities. The census also directs the distribution of nearly $200 billion of federal funds annually, and many more billions in other state and local funding, as well as private investment.

I assure you the Census Bureau is prepared to meet this challenge. Early in this decade, the Census Bureau introduced and sought support for the reengineered 2010 Decennial Census Program. This plan is responsive to the concerns and suggestions expressed during Census 2000. Many, including Congress and the Government Accountability Office, expressed concern about the risks and costs associated with the census, urging the Census Bureau to incorporate earlier planning and testing in the design for 2010.

At this point in the decade, the Administration and the Congress have committed more than $1.3 billion toward these goals and to the reengineered census. Therefore, it is important to review the progress we have made thus far with regard to the decennial census.

- In 2002, the Harris Corporation was awarded an eight-year contract, valued over $200 million, to work with the Census Bureau to match the street centerlines of the TIGER database with GPS-coordinates. This will support our efforts to use GPS-equipped handheld computers in the field for data collection in 2010. To date, we have aligned streets and roads for approximately 1,700 of the nation's counties, with about 1,600 remaining to reach completion by April 2008.
- In 2003, the Census Bureau conducted a national test to study alternative self-response options and contact strategies. We also looked at alternative presentations of the race and Hispanic origin questions as part of the planning and testing efforts for the short-form only census in 2010.
- In 2004, a major field test was conducted in two locations, Southwest Georgia and Queens, New York, focused primarily on improved methodologies for data collection and coverage, including the use of handheld computers to collect census responses from those who had not responded by mail.
- In 2005, the Census Bureau began full implementation of the American Community Survey with a sample of nearly three million households per year. This is a major undertaking which provides timely data for states and local communities, replacing the old system that delivered data only once a decade. It is one of the principal goals of the reengineered census. The American Community Survey will provide timely, accurate information for every county, city, and neighborhood—the level where the most crucial decisions affecting American communities are made. These data are required to carry out an array of federal mandates, including the Voting Rights Act. The responses to population and housing questions support programs such as No Child Left Behind, Low Income Home Energy Assistance Program, and community block grants.
- Also in 2005, we conducted a second national mailout test to study such things as new coverage questions; wording and presentation of residence rules instructions; design, layout, wording, and presentation of the race and ethnicity questions and other short form content; and replacement questionnaire strategies.

This year, the Census Bureau has just completed initial data collection for the second major field test for the 2010 Census in Travis County, Texas and on the Cheyenne River Reservation in South Dakota. This is the final opportunity to test methods and technologies in the field before the 2008 Census Dress Rehearsal. The Census Bureau is also on schedule to deliver the first release of annual data from the American Community Survey next month. For the first time, we will provide social and economic data for every congressional district and every government with a population of 65,000 or more. Each of these activities is consistent with the Administration's priorities and received Congressional approval. They are an important part of the decennial lifecycle and lay the groundwork for success in the 2010 Census.

We have also made progress with respect to automation and infrastructure. These efforts support several reengineered census goals, including improved accuracy and reduced risk. Part of our effort has centered on two major systems, the 2010 Decennial Response Integration System (DRIS) and the Field Data Collection Automation (FDCA) system. Both of these are large information technology contracts, totaling together over one billion dollars. The purpose of the DRIS contract, which was awarded last year to Lockheed Martin Corporation, is to ensure accurate and protected collection and storage of Americans' data whether by paper form, handheld computer, or telephone. We are currently involved in Phase I of this program, which includes design and implementation of the system for the 2008 Census Dress Rehearsal. We also awarded the FDCA contract, which provides comprehensive up-to-date technology for our field data collection and our field offices. The handheld computers being developed as part of the FDCA contract will be used in the field for two main decennial operations: the Address Canvassing activity that ensures the currency and completeness of the Master Address File and the collection of census data by personal visits to households that have not responded by other means. The contract for handheld computers, software, telecommunications, desktop environments, and support services was awarded to the Harris Corporation in March of this year.

At this stage of the decennial lifecycle we are poised to make final the fundamental methodological and operational design decisions about the collection of data in the 2010 Census. These decisions have assumed the use of GPS-equipped handheld computing devices for data collection. However, recent congressional actions, if enacted, would require us to reevaluate the plans for the reengineered 2010 Decennial Census Program. As you are aware, the recent House action is primarily targeted at the 2010 decennial census, prescribing a reduction of $53.3 million for that program alone. The total reduction to our periodic programs request is $58.3 million.

Difficult Decisions: Impacts of the Current House Mark

The current House mark is problematic for two reasons: the size of the reduction, and the nature of the cut, which does not provide us the flexibility to spread the cut to non-decennial items. A reduction of this magnitude in FY 2007 funding would have a major impact on the 2010 Decennial Census Program and could prevent the Census Bureau from making long-sought improvements and meeting the agreed-upon goals of the reengineered census. Many of the planned efforts are targeted at improving coverage, reducing the undercount, correcting geographic misallocations, and collecting data with the least possible burden on respondents.

In addition, I believe that with the current House bill, we would not be able to proceed with the data collection automation efforts. Specifically, I believe the Census Bureau would need to drop its automation efforts to develop and implement GPS-equipped handheld computers in the field. We have evaluated the plans for the decennial census looking for alternative reductions. Alternative reductions, however, would affect a broader array of activities, thereby undercutting our ability to conduct the Dress Rehearsal, which in turn will jeopardize our

ability to implement new methods, systems, and operations designed to meet the strategic goals of the 2010 Census—to improve coverage, contain costs, and reduce risk. We believe it is imperative to conduct a dress rehearsal that allows us to implement these new components (methods, operations, and systems—including system interfaces) and ensure they will work—and work together—for the 2010 Census. Major Dress Rehearsal operations that are affected by these new components include such things as address list development, Group Quarters enumeration, military enumeration, service-based enumeration, Update-Leave, the second mailing, data capture, and coverage measurement field operations. If we do not have the opportunity to do this, it would be ill-advised to introduce these components for the first time in the 2010 Census, so opportunities for coverage improvement, cost reductions, and risk reduction would be lost.

Dropping the plans to use handheld computers would force Census enumerators to revert back to a paper-based census, ultimately increasing costs. We would begin planning immediately to use paper questionnaires, rather than handheld computers in the field, to conduct the 2008 address canvassing operation and the non-response follow-up (NRFU) in preparation for the 2010 Census. Significantly more space, more staff, and additional resources would be needed to manage the paper process and to extend and expand our paper capture capabilities. Reverting to a paper census would also have a deleterious effect on coverage. We would no longer be able to plan to electronically remove late mail returns from the enumerator assignments, which would preclude enumerators knocking on the doors of people who already responded. Also without the GPS-equipped handheld computers, corrections to geographic additions in the field would be done manually, which is more error-prone and would negatively impact the geographic accuracy of the census.

The House mark would also significantly impact the American Community Survey. We would eliminate the Group Quarters data collection operation. Without the detailed social and economic information about people living in Group Quarters, including prisons, nursing homes, and college dormitories, the American Community Survey would result in incomplete information for certain populations such as the elderly, who are more likely to live in Group Quarters.

The cut would also affect other critical activities, particularly the Community Address Updating System (CAUS), which is part of the MAF/TIGER Enhancement Program. Without CAUS, we cannot work with local communities to update addresses in rural America, requiring us to wait until the 2010 Census to update the geographic information for the American Community Survey.

Impacts of an Alternative Funding Proposal

The current House mark would force us to make fundamental changes to our plans for 2010 Census, including the elimination of the use of handheld computers for field data collection or acceptance of other highly undesirable risks. The risk of failure and the associated costs would be dramatically increased.

Therefore, we have explored the option of spreading a portion of the $53.3 million reduction to programs outside of the Decennial Census, even though the current House mark does not give us that flexibility. This alternative allocation would reduce funding for programs in both the salaries and expenses and periodic programs accounts. If we are allowed to prioritize and propose alternative reductions to the Census Bureau's programs, which would result in our continuing the reengineering program, we can better minimize the effects on the decennial census. These alternative reductions, however, will have substantial impacts on other programs at the Census Bureau while continuing to affect the decennial census and the American Community Survey. We would still be forced to cancel Group Quarters data collection, and the CAUS activities. We would also delay the remaining work to align street centerlines.

We have examined economic and other demographic programs to try to identify activities that might be reduced without significant impact to the nation's data infrastructure. In the economic area, we would potentially eliminate, delay, and reduce programs such as the Current Industrial Reports, Quarterly Financial Reports, Quarterly Residential Improvements and Repair Data, and Quarterly Services Survey. In selecting the programs to reduce, we strived to preserve the programs and content that serve as benchmarks for current surveys, as well as composite measures of economic activity, including GDP, the Producer Price Index, and the Index of Industrial Production. We must also retain the Principal Economic Indicators, as these provide GDP source data, and the annual surveys that are used in the Bureau of Economic Analysis' National Income and Product Accounts and the Federal Reserve Board's Flow of Funds. Finally, it is vital that we protect core infrastructure, such as the Business Register, that serves as the foundation upon which other programs operate.

The Importance of Census Data

While we recognize the current fiscal climate and the need to conserve resources, the House mark, however allocated, would lead to reductions that would harm key Census Bureau programs and the accuracy of our Nation's statistical data. In an era of dramatic economic activity and change, the House proposed funding level would result in less information available for use by decision makers to assess the health of the American economy. They would lead to less accurate data for determining Congressional representation and implementing Federal assistance programs. Among Federal stakeholders, these data are critical to the Congress, the Federal Reserve Board, the Bureau of Economic Analysis, the Department of the Treasury, and the Bureau of Labor Statistics to evaluate economic well-being or potential growth of the economy. The data are also used in trade negotiations and to assess the impact of global markets on the U.S. economy. And finally, much of the information we provide is used

by the private sector to inform decisions about investments, which affect not only our nation's economy, but regional and local economies as well.

I am grateful to the Chairman and this Committee for the opportunity to discuss the impact of proposed reductions to the Census Bureau's budget. I strongly urge your colleagues to support the President's 2007 request of $878 million for the Census Bureau. This funding is necessary if we are to continue a decennial census reengineering effort, while also producing timely and accurate economic and demographic data for the Nation. Short of that, we are asking for the discretion to absorb reductions to minimize impairments to our mission and the priorities mandated over the past several years with regard to the decennial census. With sufficient funding, we believe it is possible to conduct an accurate, improved census in 2010 that incorporates long-sought coverage improvements such as a second mailing, bilingual questionnaires, and the use of GPS-enabled handheld computers that should improve accuracy and reduce lifecycle costs. In contrast, the risks and costs associated with the decennial census are likely to grow if we do not remain on track. If we are required to cease our handheld computer and automation preparations in FY 2007, we would not be able to start them again and catch up in later years. These opportunities for 2010 would be lost.

For the past five years, the Census Bureau has proceeded along a clearly defined plan, with specific testing goals and results. But now, two years from the 2008 Census Dress Rehearsal, we are forced to question key operational and design decisions. The National Academy of Sciences, in its appraisal of the 2000 census, warned against this predicament, recalling the increased costs, confused constituencies, and added tensions. The National Academy of Sciences said, and I quote:

> "The 2000 census planning began in a climate of concern about the perceived failures of the 1990 census—one that saw a substantial decline in public cooperation and, despite higher per household costs than in the 1980 census, resulted in worse coverage of minorities, renters, and children relative to other population groups. The Census Bureau's initial design to remedy these problems for 2000 relied on much greater use of statistical techniques in the census enumeration, but this plan encountered opposition from members of Congress and others. As a result the Bureau had to contend with externally imposed last-minute changes in design, delayed budget decisions, consequent changes in plans, and insufficient time for operational trials. All of these problems increased not only the costs of the 2000 census but also the risk that it could have been seriously flawed in one or more respects. In light of this experience, the panel recommends that the Census Bureau, the administration, and Congress agree on the basic design for the 2010 census not later than 2006 in order to permit an appropriate, well-planned dress rehearsal in 2008." (End quote.)[1]

I am concerned about the uncertainty at this stage of the 2010 decennial lifecycle and how it bears resemblance to the environment of earlier censuses. We must resolve the key operational and design decisions before proceeding. Every delayed decision will result in further delays in

[1] Panel to Review the 2000 Census, Committee on National Statistics, National Academies of Science, *The 2000 Census: Counting Under Adversity*, Washington, DC: 2004

testing—and possibly even no testing. Delayed decisions increase both operational risks and costs, and threaten the accuracy of the data.

We believe the President's 2007 Budget request addresses these risks, contains costs, and provides timely, more relevant data for the nation, and we ask for support of the President's budget request. We believe the American Community Survey is a success and will provide the nation's states, cities, and communities with the data to make informed decisions. We believe the MAF/TIGER Enhancement Plan will enhance a national resource, improving the accuracy of geospatial data for all users. And finally, we believe the short-form only 2010 Census will provide an accurate count, consistent with the Constitution's promise.

Mr. Chairman, with the support of Congress, I believe we can succeed, and I would be happy to answer your questions.